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IN THE

Supreme Court of the United States

OCTOBER TERM, 1960

No. 21

ARO MANUFACTURING CO., INC., *et al.*,

Petitioners,

v.

CONVERTIBLE TOP REPLACEMENT CO., INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

MOTION BY THE AMERICAN PATENT LAW ASSOCIATION FOR LEAVE TO FILE A BRIEF *AMICUS CURIAE* AND BRIEF AS *AMICUS CURIAE*

THE AMERICAN PATENT LAW ASSOCIATION

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September 20, 1960

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MOTION BY THE AMERICAN PATENT LAW ASSOCIATION FOR LEAVE TO FILE A BRIEF *AMICUS CURIAE*

The American Patent Law Association respectfully moves this Honorable Court for leave to file the accompanying brief as *amicus curiae*.

The American Patent Law Association is a national membership association of approximately 2,200 lawyers, most of whom specialize in the practice of the law relating to patents. Leave is requested to file a brief as *amicus curiae* in this case because the interpretation of the contributory infringement provisions of Section 271 of the Patent Act of 1952 *may* be involved and, because of the great public interest in and importance of those provisions, the construction of which has not previously been before this Court.

Respectfully submitted,

THE AMERICAN PATENT LAW ASSOCIATION

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September 19, 1960

IN THE

Supreme Court of the United States

OCTOBER TERM 1960

No. 21

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Petitioners

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Respondents

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

BRIEF FOR THE AMERICAN PATENT LAW ASSOCIATION AS *AMICUS CURIAE*

I

This action involves two main issues stated as Questions Nos. 1 and 2 in the brief for petitioners. However, they are stated in reverse by petitioners. The first issue, i.e. Question No. 2, relates to direct infringement and involves the distinction between reconstruction, on the one hand, and permissible repair, on the other; whereas, the second issue (Question No. 1) relates to contributory infringement. If this Court should hold that there was no direct infringement as a result of the acts involved in the re-

placement of the top, the question of contributory infringement will not even be reached and the contributory infringement provisions of Section 271 of 35 U.S.C. need not be construed.

If, on the other hand, this Court should hold that the replacement of the top constituted reconstruction as distinguished from permissible repair and, hence, that there was direct infringement, then and only then is the construction of the contributory infringement provisions of Section 271 of concern to the Court in this case.

The District Court expressly held (119 U.S.P.Q. 122, 124-25) that "replacing the fabric is not permissive repair." The Court of Appeals (270 F. 2d 200, 205) likewise held that "the defendants were not making permissible repairs to, but were substantially reconstructing, the convertible top combination covered by the Mackie-Duluk patent." It is to these holdings that the brief of the Government is directed. It is not directed to the holdings below based on the contributory infringement provisions of Section 271. If the Court should overrule the above-stated holdings and hold that what the defendants did was merely permissible repair, the question of contributory infringement does not arise and the Court need not even consider those provisions of Section 271 relating to contributory infringement.

The interests of this Association reside primarily in the contributory infringement issue. The determination of that issue, if reached by the Court, can be disposed of readily on the basis of the express provisions of Paragraphs (b) and/or (c) of Section 271, which are nothing more than statutory declarations of the law applicable to joint tortfeasors. This, of course, is the basis upon which the doctrine of contributory infringement always has rested. These paragraphs of Section 271 define the metes and bounds of the doctrine of joint tortfeasors as applied to patent infringements; and, when the patent owner

asserts his rights thereunder, he is merely proceeding to protect his interest in the patented combination and is not, as argued by the petitioners, seeking to expand the metes and bounds of the invention. Congress, by enacting Paragraphs (b) and (c) of Section 271, has given legislative authorization to the patent owner to proceed under certain circumstances against certain acts so that he can adequately protect the thing or combination on which patent rights were granted to him.

On this issue of contributory infringement, the admissions contained in petitioners' brief, including the admissions contained in petitioners' statement of Question No. 1, necessitate a holding of contributory infringement since the replaced top was a "material" or "essential" element or part of the patented combination and was especially made and intended and adapted for use in an infringement of the patent. Any other conclusion (assuming a holding that defendant's acts constituted reconstruction) would effectively destroy and nullify Paragraphs (b) and (c) of Section 271 and would be directly contrary to the Congressional intent in enacting these provisions.

While this Association is primarily interested in the contributory infringement issue, we shall discuss briefly the matter of repair versus reconstruction and then the intent, purpose and proper construction of Section 271.

II

On the issue of reconstruction versus permissible repair, petitioners and the Government, in effect, are asking this Court to overrule its decision in *Leeds & Catlin Company* v. *Victor Talking Machine Company*, 213 U. S. 325 (1909), and to depart from the principles discussed in *The Morgan Envelope Company* v. *Albany Perforated Wrapping Paper Co.*, 152 U. S. 425 (1893), and *Wilson* v. *Simpson*, 9 How. 109 (1850), and numerous cases decided in the Courts below.

The patent in suit in the *Leeds & Catlin* case covered the combination of a phonograph stylus and a record disc; and this Court there characterized the importance of the record itself as part of the combination, stating:

> "It will be observed how important the record is to the invention embodied in the claims . . . It is the disc that serves to distinguish the invention—to mark the advance upon the prior art . . ." (p. 330)

In that decision, this Court specifically distinguished various prior decisions dealing with repair (as against reconstruction) of an unpatented component. It stated:

> ". . . It would seem that, on principle, when deterioration of an element has reached the point of unfitness, there is a destruction of the combination, and a renewal of the element is a reconstruction of the combination. And it would also seem on principle that there could be no license implied from the difference in the durability of the elements of periodicity in their use . . ." (p. 333)

* * * * * *

> ". . . The combination in the case at bar is valid, as we have unhesitatingly declared. The function and the performance is the result of the joint action of the disc and the stylus. *The disc* is not a mere concomitant to the stylus; it co-acts with the stylus to produce the result. Indeed, as we have seen, it *is the distinction of the invention*, constituted by its laterally undulating line of even depth and the effect thereof, the advance upon the prior art. To confound its active cooperation with the mere passivity of the paper in the mechanism described in Morgan Envelope Company is not only to confound essential distinctions made by the patent laws, but essential distinctions between entirely different things . . ." (p. 335) (Emphasis supplied.)

Whether in a given case there is an implied license to substitute new for worn or broken parts is a question of fact. "Every case, as we have said, must be decided on its special facts and circumstances." *Automotive Parts Co.* v. *Wisconsin Axle Co.*, 81 F. 2d 125, 127 (6th Cir. 1935); *George Close Co.* v. *Ideal Wrapping Machine Co.*, 29 F. 2d 533 (1st Cir. 1928); *Davis Electrical Works* v. *Edison Electric Light Co.*, 60 F. 276 (1st Cir. 1894); *Belknap* v. *Wallace Addressing Machine Co., Inc.*, 12 F. 2d 597 (2nd Cir. 1926); *Morrin* v. *Robert White Engineering Co.*, 143 F. 519 (2nd Cir. 1905); *Edison Electric Light* v. *Peninsular Light Power and Heat Co.*, 101 F. 831, 836 (6th Cir. 1900); *Williams* v. *Hughes Tool Co.*, 186 F. 2d 278 (10th Cir. 1950). In deciding in favor of "repair" this Court stated this same rule in *Heyer* v. *Duplicator Co.*, 263 U. S. 100 (1923).

This Association believes that it is unwise to lay down a more precise rule on this subject in view of the wide variety of situations under which the question can conceivably arise.

Since both the Court of Appeals and the District Court have held that the fabric top in question was a material part of the invention and that replacing that fabric would be a major reconstruction of the top assembly, it follows that, in order to reverse the lower court decision, this Court must overrule its prior position on the reconstruction doctrine.

III

If this Court should reach the contributory infringement issue, it will then be necessary to consider the proper scope and meaning of Section 271 of the 1952 Patent Act and the Congressional intent behind it.

The doctrine of contributory infringement has been a part of our law for many years. It is in nowise peculiar

to patent law. It constitutes nothing more than a specific application of the doctrines applicable to joint tortfeasors. Those doctrines recognize that for harm resulting to a third person from the tortious conduct of another, a person is liable if he participates in such conduct or induces such conduct knowing of the conditions under which the act is done or intending the consequences which ensue, or knows that the other's conduct constitutes a breach of duty and gives essential assistance or encouragement to the other so to conduct himself: *Restatement of the Law of Torts*, Section 876. In the case of joint tortfeasors, a person may be liable though he himself has not actually trespassed upon the property rights secured by the law to the aggrieved person. Nevertheless, the law gives a right of action to the aggrieved person in order to enable him to protect those property rights.

In the case of contributory infringement, the patentee is not seeking to enlarge the property rights granted to him, but is merely seeking to protect those rights against all whose acts result in objectionable trespass upon those rights.

Due to the fact that the metes and bounds of the doctrine of contributory infringement and the exact nature of the patentee's remedies had not been defined by Congress prior to the passage of the 1952 Patent Act but had been enounced only on a case by case basis by judicial authorities, some confusion arose because of an apparent conflict between this long standing doctrine of contributory infringement and the misuse doctrine developing in the law. Had the metes and bounds of confributory infringement been definite, there would have been no occasion for any conflict between the two doctrines for the obvious reason that any act on the part of the patentee in asserting his right to protect the thing granted to him under the patent laws could not have constituted a misuse of the grant. This apparent conflict was the subject of innumerable articles and the result was that many commentators

seriously questioned whether the doctrine of contributory infringement still existed.[1]

In enacting Section 271, Congress was fully aware of the situation just stated and deliberately sought to rectify it by specifying, at least in part, those acts constituting contributory infringement and by specifying further that the patent owner should not be penalized under the so-called misuse doctrine if he pursued his right to protect the property secured to him by the patent by doing certain specified acts.

Turning to the House Report, we find a specific intent to reaffirm the contributory infringement doctrine:

> ". . . *The doctrine of contributory infringement has been part of our law for about 80 years.* It has been applied to enjoin those who sought to cause infringement by supplying someone else with the means and directions for infringing a patent. . . . Considerable doubt and confusion as to the scope of contributory infringement has resulted from a number of decisions in courts in recent years. *The purpose of this section is to codify in statutory form principles of contributory infringement and at the same time eliminate this doubt and confusion.* . . ." (H. R. Rep. No. 1923, 82d Cong., 2d Sess. (1952), p. 9.) (Emphasis supplied.)

A similar statement is found in Sen. Rep. No. 1979, 82d Cong., 2d Sess. (1952), p. 8.

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[1] Knoth, Contributory Infringement: R.I.P., 31 J. Pat. Off. Soc. 767 (1949); Mathews, Contributory Infringement and the *Mercoid* case, 27 J. Pat. Off. Soc. 260 (1945); Palmer, Contributory Infringement since the *Mercoid* case, 29 J. Pat. Off. Soc. 699 (1947); Rich, Contributory Infringement, 31 J. Pat. Off. Soc. 449 (1949); Waite, Has the Doctrine of Contributory Infringement been Repudiated? 42 Mich. L. Rev. 914 (1944); Wood, the Tangle of *Mercoid* case Implications, 13 Geo. Wash. L. Rev. 61 (1944).

The *Hearings before the House Committee of the Judiciary on H. R. 3760 (Patent Law Codification and Revision)* 82nd Cong., 1st Sess. (1951), show that Congress had the *Mercoid*[1] and other "misuse" decisions very much before it when it passed Section 271 of the Act. (See, for example, the *Hearings* at pages 96, 105, 138-149, 151-176.)

This Congressional adoption of contributory infringement is also confirmed in the Attorney General's Report:

> "*The Congressional response to the Mercoid decisions is found in Section 271 of the 1952 Patent Code* . . . At the least they are reasonable expressions of Congressional intention (a) to codify specifically the remedy of contributory infringement and affirmatively to declare that within the ambit of the comparatively narrow doctrine so defined the action is itself not a misuse; and (b) to cut down the breadth of the all-inclusive applications of the patent misuse doctrine stemming from the implications of the Mercoid and other cases. . . ." (Report of the Attorney General's National Committee to study the Antitrust Laws (1955), pp. 252-3) (Emphasis supplied.)

In its express statement of acts constituting contributory infringement, Congress, by language which really does not admit of any argument, covered the type of act which is involved here, assuming, of course, that there was a direct infringement resulting from the reconstruction of the top by the application of the purchased cover. In Section 271(c), Congress specifically provided that a person will be liable as a contributory infringer if:—

> (a) the thing sold is a component of a patented machine, manufacture, combination or composition, and

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[1] *Mercoid Corp. v. Mid-Continent Investment Co.*, 320 U. S. 661 (1944).

(b) it constitutes a material part of the invention, and

(c) it was especially made or especially adapted for use in an infringement and the vendor knew this, and

(d) it was not a staple article, and

(e) it was not a commodity of commerce suitable for substantial non-infringing use.

The tops in question and the acts of the vendor in the case at bar comply in every respect with these requirements. A clearer case of compliance is difficult to envision. Hence, any decision here holding the acts in question do not constitute contributory infringement (assuming a direct infringement by reconstruction) would serve to emasculate Section 271(c) and destroy the plain Congressional intent underlying it.

Petitioners' arguments (which are wholly unsupported by the Government's brief) are not supported by either logic or the legislative history underlying Section 271. They fly in the face of the plain language of Section 271 and to adopt them would result in a complete rewriting of that section.

IV

This Association asks this Court to give meaning to Section 271 just as have the various lower Courts since the date of its passage.

In *Stearns* v. *Tricker & Rasor*, 252 F. 2d 589 (9th Cir. 1957), the Court held:

> "*Principally because of the Mercoid case, Section 271 of the 1952 Patent Act was adopted* . . ." (p. 601) (Emphasis supplied.)

• • •

"Section 271 (d) (3) authorizes a patentee to enforce his patent rights against contributory infringers and is a clear expression of public policy approving such action. Language in Mercoid as to such action being 'contrary to public policy' is therefore inapplicable under present law . . ." (p. 502)

Comparably, in *Sola Electric Company* v. *General Electric Company*, 146 F. Supp. 625 (N. D. Ill. 1956) the Court concluded that it was Congress' intent to overrule *Mercoid*:

"The Court . . . cannot escape the conviction that it was the purpose of Congress to change the law as announced in the two Mercoid cases . . . and that it did change the law as announced in those cases. . . ." (p. 647).

• • •

". . . the court holds, accordingly, that the said Act of 1952 *makes proper and lawful that which under the doctrine of the Mercoid cases, above cited, would have been a misuse of the patent.*" (p. 648) (Emphasis supplied.)

See also *Freedman* v. *Friedman*, 242 F. 2d 364 (4th Cir. 1957); *Southern States Equipment Corp.* v. *USCO Power Equipment Corp.*, 209 F. 2d 111 (5th Cir. 1953); *Sasser* v. *Senco Products*, 242 F. 2d 565 (6th Cir. 1957); Oppenhein, Patents and Antitrust: Peaceful coexistence, 54 Mich. L. Rev. 199 (1955); Rich, Infringement Under Section 271 of the Patent Act of 1952, 21 Geo. Wash. L. Rev. 36 (1953).

Conclusion

The doctrine of contributory infringement has been characterized as "an expression of both law and morals." (Sen. Rep. No. 1979, 82d Cong., 2d Sess. (1952), p. 8.)

This Court should give meaning and substance to Section 271 of the Patent Act and so give effect to clearly expressed Congressional purpose.

Respectfully submitted,

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